

# consumer action

Education and advocacy since 1971

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Federal Reserve: Docket No OP-1456

Re: Proposed Changes to Interagency Q&A

May 3, 2013

Consumer Action believes that more comprehensive revisions to Community Reinvestment Act (CRA) regulations are required to address industry's inadequate response to community needs. As we continue to work to overcome the damage wrought by the foreclosure crisis and the resulting credit freeze, we see a need for bolder steps to improve access to responsible lending for low-to-moderate income individuals and families.

While we support regulators' plans to give credit for lending and investment outside of banks' assessment areas, we also favor expanding the size of assessment areas where banks may already be lending, but where there are currently no bank branches. Consumer Action supports the need for community development activity in any geographic area in which the bank does at least a moderate amount of business.

Information gathered on foreclosure prevention activity and loan modifications should assess the levels at which low-to-moderate income borrowers are being compensated for past abuses and mistakes, and whether current national settlements are adequately addressing the needs of this particular community for sustainable homeownership.

We are also in favor of data collection of community development lending, preferably on the census tract level, and public reporting of the results to assess the effectiveness of LMI lending efforts. Data should also be gathered to determine the level of bank payday loan activity in these communities and to discourage it.

More attention should be given to the number of loans purchased vs. originated with these same borrowers. We would support separate CRA evaluations for originations and loan purchases with downgrades for banks that use purchasing to try to inflate their CRA rating.

Reforms targeting foreclosure prevention, assessment areas, and loan purchases would go a long way toward improving the CRA process.

Thank you for the opportunity to comment.

Ruth Susswein

Consumer Action

Consumer Action has been a champion of underrepresented consumers since 1971. A national, nonprofit 501(c)3 organization, Consumer Action focuses on financial education that empowers low to moderate income and limited-English-speaking consumers to financially prosper. It also advocates for consumers in the media and before lawmakers to advance consumer rights and promote industry-wide change particularly in the fields of credit, banking, housing, privacy, insurance and utilities. [www.consumer-action.org](http://www.consumer-action.org)